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August 14, 1996

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Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington DC 20554

DOCKET FILE COPY ORIGINAL

Re: In the Matter of Telephone Number Portability

Dear Sir:

Enclosed for filing in the above-referenced proceeding are the original and sixteen copies of the Comments of Scherers Communications Group, Inc. I have provided the additional copies for each of the Commissioners to receive a personal copy. The Common Carrier Bureau, Competitive Pricing Division, was also provided with two copies.

I have also enclosed an additional copy with a self-addressed, stamped envelop. Please place your file mark on this extra copy and return it to me via the envelop.

If you have any questions regarding this filing, please feel free to contact me at the telephone number listed above. Thank you for your assistance and cooperation.

Sincerely,

Susan Drombetta  
Manager - Rates and Tariffs

enclosure

W. J. Drombetta  
CLERK

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ORIGINAL

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington DC 20554

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In the Matter of )

Telephone Number Portability )

CC Docket 95-116 )

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COMMENTS OF SCHERERS COMMUNICATIONS GROUP, INC.,  
REGARDING COST AND COST RECOVERY OF LONG TERM NUMBER PORTABILITY

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Scherers Communications Group, Inc.(SCG), respectfully submits these comments in response to the First Report and Further Notice of Proposed Rulemaking (FCC 96-286)<sup>1</sup> dated July 2, 1996. The Notice asks for comments on the costs of providing telephone number portability and potential mechanisms for recovering those costs. Using the regional database as a means of providing portability, the Commission has tentatively concluded that three types of costs will be involved for provisioning: costs incurred by the industry as a whole for the development, operation, and maintenance of the database, costs incurred by individual carriers for providing portability, and costs incurred by carriers that are not directly related to providing portability. The Commission specifically seeks comment on the recovery of these costs and the entities responsible for payment.

SCG agrees with the three types of costs involved in providing portability.<sup>2</sup> The costs of the database itself is the only cost which should be shared by all providers. Carrier specific costs both directly and not directly related to portability should be covered by the carrier involved. The following narrative provides SCG's recommendations and responses to the Commission's Notice.

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<sup>1</sup> First Report and Order and Further Notice of Proposed Rulemaking ("Notice"), In the Matter of Telephone Number Portability, CC Docket No. 95-116, released July 2, 1996

<sup>2</sup> Id., at 208

I. Costs Incurred by Individual Carriers That Are Not Related to Number Portability Should Be Assigned Individually to Those Carriers

The Telecommunications Act of 1996 states that “The cost of establishing telecommunications numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission.”<sup>3</sup> Although this statement may be interpreted to include ancillary costs, such as network upgrades, it is too difficult to attribute portions of network services to the specific costs for provisioning. In addition, it would be unfair to ask all carriers to contribute to the improvements of another carrier’s network. Smaller carriers would be excluded from providing local telephone service simply because they are financially unable to contribute to the entire carrier network for number portability. The Act requires that these costs are borne on a “competitively neutral” basis. Distributing individual network types of costs among all carriers would inhibit competition because of the increase in costs. Therefore, SCG agrees with the Commission’s conclusion<sup>4</sup> that carrier specific, non-number portability costs should not be covered by the Act’s requirement.

II. Costs of Facilities Shared by All Carriers for Portability Should Be Allocated Based Upon Usage of the Facilities

A precedent has already been set for the allocation of costs directly related to portability. In its 1993 800 Database Rate Structure Order<sup>5</sup>, the Commission adopted a rate structure for portable 800 database access services. This rate structure included both a nonrecurring and recurring charge for use of the database. In addition, carriers are charged for each query made to the database for routing calls. This system has allowed for several methods of access to the database based upon need. In addition, queries to the database are based upon actual usage. In its 1993 Order and also in its 1995 Memorandum Opinion and Order on Reconsideration, the

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<sup>3</sup> Telecommunications Act of 1996 (Act), Section 251. (c) (2) (Act)

<sup>4</sup> Notice at 209

<sup>5</sup> Provision of Access for 800 Service, CC Docket No. 86-10, Second Report and Order, (1993) (1993 Order)

Commission found that "the most economically efficient means of recovering the costs of providing 800 database service was by requiring LECs to charge a basic 800 database charge for each 800 database query."<sup>6</sup> It would also seem that this method would be the most competitively neutral means of charging for services. SCG does not agree with the Commission's suggestion that costs should be allocated based upon carriers' gross revenues minus charges to other carriers.<sup>7</sup> This process would be more suited to taxes or surcharges rather than a fee for usage. In response to the Commission's suggestions for a mechanism to collect these costs<sup>8</sup>, SCG once again suggests that the Commission utilize the methodology used for toll free portable numbers. In this case, charges for use of the database have been tarified with the Commission.<sup>9</sup>

The Commission has also asked for comment on whether the the Act states that all carriers should contribute to the costs of providing portability.<sup>10</sup> Because the arrangement already developed for 800 portability has established the precedent, SCG believes that costs should be recovered in the same way. Therefore, only carriers utilizing the database for their numbers should be responsible for payment of the charges. Any carrier who provides service through the pure resale of another carrier's service or who provides service that does not require a telephone number should not be held responsible. However, all of the current LECs will be responsible for payment, because their numbers will be entered into the database. SCG does agree that the management of the database should be provided by a neutral third party to ensure consistent treatment of all carriers. The Commission itself has recognized the importance of impartiality by

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<sup>6</sup> Provision of Access for 800 Service. CC Docket 86-10, Memorandum Opinion and Order on Reconsideration, (1995) (1995 Order)

<sup>7</sup> Notice at 213

<sup>8</sup> Id at 220

<sup>9</sup> Regulations, Rates and Charges Applying to the Provision of SMS/800 Functions and Support Services. The Bell Operating Companies Tariff F.C.C. No. 1 (Issued March 5, 1993)

<sup>10</sup> Notice at 212

asking for comments on this issue in the past.<sup>11</sup> Therefore, the NANC should be directed to establish a third party to administer all portability databases.

Although a nationwide database would be the most efficient means of providing the database service, the volume of information and usage of the system may require regional arrangements. Regardless of the method used, rates for the usage should be set on a nationwide basis. Although this method may cause some difficulties in locating database administrators who are willing to provide service under a limited budget arrangement, the benefit to all carriers would be extensive. Costs of utilizing databases will be consistent in each State. No State will have the advantage or disadvantage of a lower or higher cost.

### III. Carriers Should Determine Their Own Means of Recovering Carrier Specific Costs

The Commission should not establish any regulation that determines the means of carriers recovering costs from end user subscribers. SCG disagrees with all of the suggestions raised by the Commission in this matter.<sup>12</sup> Any additional regulation as it applies to recovering costs would result in undue obstacles to competition. In addition, the Act specifically prohibits the Commission from instituting any regulation that would hinder competition.<sup>13</sup> The Commission has, in the past, explored the possibility of mandatory detariffing domestic services of non-dominant interexchange carriers.<sup>14</sup> Further regulation of services would be inconsistent with the intent of the Act itself and the previous position of the Commission in the Detariffing Notice.

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<sup>11</sup> Toll Free Service Access Codes. CC Docket No. 95-155, Notice of Proposed Rulemaking, (1995) (1995 Notice)

<sup>12</sup> Notice at 224

<sup>13</sup> Act at Section 401(10) (a). The Act states that "The Commission shall forbear from applying any regulation or any provision of this Act to a telecommunications carrier or telecommunications service, or class of telecommunications carriers or telecommunications services, in any or some of its or their geographic markets, if the Commission determines that -- (1) enforcement of such regulation or provision is not necessary to ensure that the charges, practices, classifications, or regulations by, for, or in connection with that telecommunications carrier or telecommunications service are just and reasonable and are not unjustly or unreasonably discriminatory; (2) enforcement of such regulation or provision is not necessary for the protection of consumers; and (3) forbearance from applying such provision or regulation is consistent with the public interest."

<sup>14</sup> Policy and Rules Concerning the Interstate, Interexchange Marketplace, CC Docket 96-61, Notice of Proposed Rulemaking (1996) (Detariffing Notice)

Further, competition in the local service market would provide assurances that cost recoveries would not be harmful to the public interest.

#### IV. Summary

The cost recovery arrangement established for 800 number portability would be sufficient for use in telephone number portability. Although this arrangement would need to be adapted to regional databases, the nonrecurring, recurring and per query charges would match the needs of administrators in covering costs. In addition, allocating these costs among actual users of the database would be not only efficient but also competitively neutral.

Company specific portability costs should be the responsibility of each individual carrier. It would be unfair and harmful to competition if smaller carriers were required to contribute to the modifications required for larger networks. In addition, these decisions are business decisions that should not be made within a committee or imposed upon other business owners.

Finally, carrier specific costs not directly related to portability should not be covered by any entity other than the company itself. Once again, these upgrades are made based upon business decisions which should not be imposed upon unrelated companies. It is also difficult to separate the costs that are indirectly related to portability from the other upgrade costs which are totally uninvolved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Susan Drombetta", written in a cursive style.

Susan Drombetta  
Manager - Rates and Tariffs  
Scherers Communications Group, Inc.  
575 Scherers Court  
Worthington OH 43085

Date: August 14, 1996